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Attorneys for Petitioner EOG Resources, Inc.

**UTAH SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION
BOARD OF TRUSTEES**

EOG RESOURCES, INC., Petitioner, v. UTAH SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION, OFFICE OF THE DIRECTOR, Respondent.	JOINT STATEMENT
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Petitioner EOG Resources, Inc., (“EOG”) and Respondent the Utah School and Institutional Trust Lands Administration (“SITLA”) (collectively, the “Parties”), submit this Joint Statement pursuant to the Board’s Order dated September 20, 2018 (“Order”).

BACKGROUND

EOG’s Petition for Review requests the Board to review and set aside SITLA’s Audit Report finding that EOG owes \$2.2 million in underpaid oil and gas royalties from a number of SITLA leases in the Chapita and Stagecoach area in Uintah County, Utah. The Audit Report covers a large number of natural gas wells and involves several versions of SITLA leases.

The Order requires the Parties to present to the Board their position regarding three

aspects of the conduct of these proceedings: 1) whether the Board will retain this matter; 2) whether to conduct these proceedings formally or informally; and 3) whether to appoint a hearing examiner. The resolution of these matters is committed to the Board's discretion. The Parties have conferred over the past two weeks and have agreed on the following:

1. The Board Should Retain This Matter.

The Parties request that the Board retain this matter. The issues presented directly involve the interpretation of SITLA oil and gas leases, allowances and deductions, and payment of royalties for trust lands production. Because these matters directly involve SITLA leases and trust lands revenue, the Parties request the Board to retain this matter pursuant to Utah Admin. Code R850-8-1000.7.

2. This Matter Should Proceed By Formal Review.

The Parties believe that formal review and adjudication will best serve the interests of all involved. Formal review will benefit these proceedings by establishing the administrative record and arguments, which could then be subject to direct appellate review if necessary. An informal proceeding would require the subsequent creation of the administrative record and potential duplication of effort in a district court if appellate review is sought by a party.

The Parties anticipate that the necessary and relevant documents can be set by agreement and the technical and legal arguments will be based upon the stipulated record. Thus, the Parties request the Board to conduct this matter as a formal adjudication under Utah Admin. Code R850-8-1100.

3. The Board Should Appoint A Hearing Examiner.

The Parties request the appointment of a hearing examiner. While the parties expect to be able to summarize much of the relevant material, there are a large number of wells, several

versions of leases, multiple contracts, and technical natural gas processing aspects involved in this matter. Due to the legal and technical issues, the Parties believe that designating a hearing examiner pursuant to Utah Admin. Code R850-8-1500, will best promote the efficient and prompt resolution of this matter.

The Parties are prepared to address the matters discussed above at the Board's October 17, 2018 hearing, as well as the schedule and procedure for selecting a hearing examiner should the Board grant the Parties' request. The Parties believe that the scheduling of further deadlines in the case, including the due date for SITLA's response to the petition, should occur after the Board has decided the matters addressed herein and a hearing examiner (if any) has been appointed.

Respectfully submitted this 8th day of October, 2018,

HOLLAND & HART LLP

/s/ Chelsea J. Davis
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Attorneys for Petitioner EOG Resources, Inc.

UTAH SCHOOL AND INSTITUTIONAL
TRUST LANDS ADMINISTRATION

/s/ Michael S. Johnson
Michael S. Johnson
Assistant Director & Chief Legal Counsel
*Attorney for the Utah School and Institutional
Trust Lands Administration*

CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that on October 8, 2018 I caused a copy of the foregoing **JOINT STATEMENT** to be served via email upon:

Mark E. Burns
Highways & Utilities Division Director
Utah Attorney General's Office
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Trust Lands Administration Board of Trustees
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_____/s/ Michael S. Johnson